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OFFICIALS

SUBJECT: KING AND DEPUTY DEFENSE SECRETARY ENGLAND CONFER  
ON REGIONAL CHALLENGES, BAHRAINI AFFAIRS

Classified By: CDA Susan L. Ziadeh for reasons 1.4 (b) and (d).

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Summary  
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¶1. (C) King Hamad and Deputy Defense Secretary England discussed bilateral relations, Iran, Iraq, Syria, U.S. policy in the region and Bahraini domestic affairs during a January 22 lunch meeting. The King declared that Bahrain is proud of its relationship with the United States and pledged that Bahrain would remain a leader among the GCC countries in support of U.S. objectives. He noted that Crown Prince Salman would visit Washington in early March to discuss a "total strategy" to address regional challenges as part of the Gulf Security Dialogue. Iran, the King said, is unpredictable and uses rhetoric that makes everyone cautious. This is a sign of weakness, in his view. The King praised new U.S. steps to apply pressure to Iran in Iraq. On Bahraini affairs, the King said the recent elections had gone well but there was room for fine-tuning. Bahrain's neighbors did not like the political reform program, but the King had argued that government was doing what is right for Bahrain, not for other countries. He is proud of the free trade agreement and noted that members of parliament representing Sunni, Shia, and Islamist trends had all supported ratification. End Summary.

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"Proud of Relationship with U.S."  
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¶2. (C) King Hamad bin Isa Al Khalifa hosted Deputy Secretary of Defense England for lunch January 22 and they discussed bilateral relations, Iran, Iraq, Syria, U.S. policy in the region, and Bahraini domestic affairs, among other issues. The King declared, "We are proud of our wonderful relationship with the United States and we thank you for your support and presence in the Gulf, which has become a model for growth and stability." He credited U.S. military assistance to the Bahrain Defense Force (BDF) for enabling the BDF to be a leader in the region for efficiency. He said Bahrain was always willing to take the lead, citing Bahrain's 2005 deployment of a special forces unit to Afghanistan and current participation in Gulf combined naval task forces. To counter the coming threat, Bahrain will focus on improving its sea and air defenses. The Deputy Secretary said the United States appreciates Bahrain's leadership and its outspoken friendship.

¶3. (C) The King noted that Crown Prince Shaikh Salman bin Hamad Al Khalifa would visit Washington in the beginning of March and would lead the Bahraini delegation for a Gulf

Security Dialogue (GSD) session, among other activities. He said the CP will be prepared to discuss a "total strategy" for addressing regional challenges. (The King implied that the CP would be responding to the paper presented by the U.S. GSD team in October 2006.) The goal is to bring the two sides closer on a technical basis. Bahrain looks forward to this exchange of information and ideas, the King said.

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Iran Unpredictable, Syrian Link to Hizballah  
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14. (C) Asked about Iran's aggressive behavior, the King commented, "Good always asks evil, why?" He said that Ahmadi-Nejad's actions had even caused the Iranian parliament and former president Khatemi to complain. He stated that Iran is unpredictable and unwise, and the language Iran uses makes everyone cautious. This behavior is not in Iran's own interests and is a sign of weakness. The Deputy Secretary suggested Iran's actions could be a means to divert attention from internal problems. The King recalled that former Deputy Prime Minister Shaikh Abdullah bin Khalid had attended a conference in Iran on Shia Islam in Bahrain, and the Iranians had arranged for a Sunni Baluchi Iranian to publicly pledge his loyalty to the regime. The Bahrainis interpreted this to mean that Supreme Leader Khamenei is worried about Baluchis and their potential to cause problems internally. He said there is no one now who can check the power of the mullahs who run the country.

15. (C) The King stated that Iran wants to dominate the region. To solve the problem in Iraq, we need to solve Iran. Iraq would be in a much better position without Iranian infiltration and meddling. The Deputy Secretary said the

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U.S. had begun applying pressure to Iran in Iraq, and the King replied that everyone appreciates this move. He noted there had been talk, including in the Bahraini press, that the U.S. had been supporting Iranians against Arabs in Iraq. The recent U.S. moves show this is not the case.

16. (C) The King noted that he had met with Syrian president Bashar Al Asad some time ago and urged Asad to break the link between Iran and Hizballah and disengage entirely from Lebanon. In response to Asad's claim that he needed a presence in Lebanon to protect Syria, the King recommended that Syria consult with the U.S. and France on dealing with possible future threats from Lebanon. The King also told Asad that he had proof of Hizballah links to Bahrain. He subsequently dispatched Interior Minister Shaikh Rashed bin Abdullah Al Khalifa to Damascus to present this information, but during the visit the Israel-Hizballah conflict started, making it impossible for Shaikh Rashed to press the issue. The Deputy Secretary replied that Syria was still allowing weapons shipments to Hizballah.

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U.S. Should Continue Regional Policies  
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17. (C) The King said that U.S. policy in the region had generated a lot of criticism, but it was important that the United States continue its policies. The Middle East, he said, had followed bad practices for a long time, resulting in conflict, weak economies, and bad management. For the U.S. to come and help is a great opportunity. If countries benefit, that is good. If they do not, it is the fault of the regional countries, not the U.S. (Comment: An apparent reference to Iraq.) Bahrain supports what the United States is doing in Iraq and the region, and is trying to get other GCC countries to join the U.S. and Bahrain in protecting the Gulf. The Deputy Secretary said that the U.S. has the right objectives and is implementing policies to achieve these objectives.

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Elections Bring Critics Into System  
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¶18. (C) In response to the Deputy Secretary's question, the King said the November/December parliamentary elections had gone well but there was always room for fine-tuning. He noted that a former "street leader" was now a member of parliament, and he was able to express his views inside the system. "If he has a better idea for Bahrain, why shouldn't we listen?" The King said he does not feel too much weight on his shoulders because the responsibility for governing is shared with the people and the people's representatives. He noted that Arabic daily newspaper Al Wasat editor-in-chief Mansour Al Jamry had appeared on Al Jazeera a few days earlier. Al Jamry, a prominent Shia who had been in exile in London before the King instituted his reform program, had said the Shia in Bahrain were different than those in Iran and Iraq. Al Jamry said the Shia support Bahrain's National Charter and that there was great opportunity for all in Bahrain. The King indicated that he was happy to hear Al Jamry's comments.

¶19. (C) The King said Bahrain had some "rough times" with its neighbors (in the GCC) over its democracy program. "They thought it was like a revolution against them," he said. The King had argued that when Bahrain is stable, Saudi's Eastern Province, site of the oil deposits, and Qatar are also more stable. Bahrain, he said, is not a model for other regional countries; the government is doing what is right for Bahrain and Bahrain only. The King said that he urged government ministers to clarify for the parliament and people how a democratic system should work. Of critical importance is that no one is above the law, including members of parliament. He noted that Bahrain is one of only two Arab countries that has a constitution court charged with ruling on constitutional matters. "We are managing well so far," he said.

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Modernizing Legal System  
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¶10. (C) The King continued that the British had left behind a good civil service system and structure in the early 1970s. However, when Bahraini youth had returned from Arab countries such as Lebanon, Iraq, Syria, and Egypt, where they

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had been educated, they brought with them ideas about the Soviet and old Turkish systems, where "employees did nothing." On the one hand, Bahrain was with the U.S. in the fields of oil, military, automobiles, and aviation, but its rules and laws were from the Soviet Union. People realized this mistake and Bahrain made a successful effort to modernize and update laws on trade, economy, and freedoms. "We're working hard and fast to recover," the King commented.

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Economic Reform and FTA  
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¶11. (C) The Bahraini economy is working well because of the high level of education of the citizens, the King said, citing nine percent economic growth. (Note: The IMF published a figure of 7.1 percent growth for 2006.) The goal is to ensure there is a good distribution of wealth so everyone benefits. Unemployment had declined from 20 percent to four percent in four years. (Comment: The King based this claim on the results of the Ministry of Labor's National Employment Program. Many economists argue that this is not a true measure of unemployment in the country.) The Crown Prince, he said, was working hard to change the system. There is some tension between government ministries, which are used to doing business the old way, and the Economic Development Board (EDB), which is run by young people who

know how to work with the world. The two sides are now trying to coordinate on economic policy. When the CP took the chairmanship of the EDB, corruption at some government institutions declined, which the King attributed to EDB and parliamentary oversight.

¶12. (C) When Bahrain began reforming its economy, the King said, Saudi Arabia did not like what it was doing. But Saudi Arabia understands now and it is also moving in the right direction. In response to the Deputy Secretary's question about the impact of the U.S.-Bahrain free trade agreement (FTA), the King stated that business people from other Gulf countries were watching Bahrain closely. At first, there was pressure on Bahrain "out of jealousy," but Bahrain took the necessary steps to improve its economy and commercial laws. The UAE, he said, thought an FTA was easy, but now it had stopped its negotiations with the U.S. because the required changes are too difficult. The Deputy Secretary noted that the FTA was seen as the seal of approval for Bahrain's economy. The King said he was proud of the agreement and that all members of parliament - Sunni, Shia, Islamists - had supported FTA ratification.

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Education Exchanges  
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¶13. (C) The Deputy Secretary asked about the interest of Bahrainis to study in the United States. The King said his own son and daughter had been studying in the U.S. at the time of 9/11 and they had remained in the country and felt very comfortable. The Ambassador noted that interest and participation in the Fulbright program and other education exchange programs had increased greatly. The Deputy Secretary said the exchange of students was an important way

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to build friendships and cultural bonds.

¶14. (U) Deputy Secretary England cleared this cable.

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